

**Commonwealth of Virginia
Commonwealth Competition Council**

Public/Private Performance Analysis Submittal

Agency Name		Code	
Agency Address			
Telephone		Fax	
Date of Submittal			

Description of function or activity under consideration

Code of <i>Virginia</i> statute establishing this agency/institution:	§§
	§§

Funding source and percent of funding for this function/activity:

General % Federal % Special Revenue %

Other (please specify): _____ %

Cite item number(s) of the current Appropriation Act: _____ (19)

Signature of Preparer: _____

Printed Name _____

Title _____

Date _____

Signature of Reviewer: _____

Printed Name _____

Title _____

Date _____

Signature of Agency Head or Head of Institution:		Recommended for competition	
Printed Name	_____	Yes	No
Title	_____		
Date	_____		

Commonwealth of Virginia Commonwealth Competition Council

Public/Private Performance Analysis

Methodology to Evaluate Competition Opportunities

- Level 1** Three main steps to determine whether a function, task, operation or activity should undergo competition with the private sector:
- I. Analyze the potential for competition
 - II. Estimate the cost of the activity to the government
 - III. Consider the public policy issues best serving the public safety and welfare of Virginia citizens
- Level 2** Two steps in planning and implementing the competitive process:
- IV. Plan the necessary procedures
 - V. Implementation

These steps should be viewed as guides to assess competition opportunities. Not all questions, factors or analysis are applicable to every analysis. At the conclusion of each step, if the review of the activity continues to lend itself to a competitive effort, it is appropriate to proceed to the next step. If this is not the case, the reason(s) that would prohibit continued evaluation must be provided at the end of Level 1.

Level 1

I. Analyze the Potential for Competition

The objective of this analysis is to assess whether the specific activity lends itself to competition.

The questions and factors below are general in nature and are meant to ascertain whether more specific and serious analysis is warranted. The responses to these questions should be "yes" in order to proceed further for more serious evaluation. However, a "no" to one of the questions does not necessarily preclude going forward, but special consideration(s) may be required to assure success.

PLEASE CHECK THE APPROPRIATE ANSWER FOR THE FOLLOWING QUESTIONS:

	Yes	No
1. Can the service be, or is it already, available from the private sector?		
2. Is there more than one private contractor capable and interested in providing the activity to ensure competition?		
3. Can the activity or function be specified in advance with clear objectives and outcomes?		
4. Can the delivery of the activity be measured adequately to monitor performance?		
5. Is the economical delivery of the service more important than control and/or accountability?		
6. Would the funds/revenues presently available continue to be available if the private sector performs the activity?		
7. Can the private sector implement and deliver the activity quicker?		
8. Does the agency/institution have the ability and resources to manage/control/regulate the contract?		
9. Is the total function /activity suitable for contracting out?		
10. Are there current legal or regulatory barriers to contracting out the service?		
11. Will the agency/institution submit a proposal to perform the service?		

Provide explanation for negative answers in Section I above by specific number:

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Level 1

II. Estimate the Cost of the Activity to the Government

The objective of this section is to determine what it costs government to perform the activity and what future costs government can avoid by transferring the activity to the private sector during the course of the proposed contract.

Please provide estimated costs of the government activity for the base contract plus all option years for the following categories:

- personnel costs (full and part-time positions, including salaries, overtime, fringe benefits, etc.)
- operating costs (repairs and maintenance, vehicles, equipment, rent, utilities, materials and supplies, travel)
- capital costs (present and anticipated)
- capital leases
- insurance/liability costs
- operations overhead¹ costs
- general and administrative overhead² costs
- any other costs related to providing the service not included above

Total estimated government costs for base year plus option years:

Cost Category	State Performance Costs	Contract Administration and Support Costs ³	Future Costs Eliminated If Activity Transferred To Private Sector
Personnel costs			
Operating costs			
Capital costs			
Capital leases			
Insurance/liability costs			
Operations overhead ¹			
General and administrative overhead ²			
Any other costs related to providing the service not included above			
Total	0	0	0

Estimated contractor cost to provide service for base contract plus all option years

\$

¹Operations overhead is the cost incurred in support of the function by the supervisory workforce **one level** above the studied function.

²These are support costs, other than operations overhead, incurred in the support of the studied function. Examples are accounting functions, human resources, data processing and procurement.

³Estimated costs to assure contract compliance (contract payments, reviewing contract compliance).

Level 1

III. Consider the public policy issues best serving the public safety and welfare of Virginia citizens

The objective of this analysis is to determine if the services can be transferred to the private sector without public harm. The evaluation should address the following issues:

	Yes	No
1. Can the private contractor be replaced relatively easily during the term of the contract?	<input type="checkbox"/>	<input type="checkbox"/>
2. Is the economical delivery of the service more important than control and/or accountability?	<input type="checkbox"/>	<input type="checkbox"/>
3. Can the contract provide for the transfer of liability/or risk?	<input type="checkbox"/>	<input type="checkbox"/>
4. Is the public safety and/or welfare of the citizens protected in case of default?	<input type="checkbox"/>	<input type="checkbox"/>
5. Is the proposed privatization activity consistent with State law, rules and regulations?	<input type="checkbox"/>	<input type="checkbox"/>
6. Is the total function suitable for competition with the private sector?	<input type="checkbox"/>	<input type="checkbox"/>
7. Has the service been successfully contracted out in other public entities? Please identify:_____	<input type="checkbox"/>	<input type="checkbox"/>

Detailed Explanation

Provide explanation for negative answers in Section III above by specific number:

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If the function is not recommended for competition, please provide rationale and detailed explanation:

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Level 2

The following are considerations in preparing the necessary procurement documents.

IV. Plan the Necessary Procedures

The objective of this step is for the agency to evaluate the parameters of the proposed competition. This evaluation should address issues such as:

- Timing
 - Are there issues raised from Level 1 that need to be resolved prior to proceeding?
 - Does the timing of the competition effort affect potential cost savings?
 - How long will it take to award a contract?
 - What is the specific time schedule required to implement the contract?
- Personnel
 - What is the transition plan if contracting out the function impacts on State employees?
 - Will current State employees have an opportunity to present a proposal?
 - Will the private vendor be required to offer the right of first refusal or absorb existing State employees?
 - Can internal reorganization and different management techniques accomplish the same or similar goal?
- Cost
 - Is there a savings goal, short and long-term, without which privatization will not be considered?
 - Have performance measures been developed for this activity?
- Agency Impact
 - Does the privatization of this activity affect other programs and responsibilities (for example, other State agencies, departments)?
 - Are there alternative public solutions?
- Other
 - What is the best way to structure the competition (lease, contract, sale, partnership, pilot program)?
 - What process will be put in place to take over activity in case the contractor fails?

Level 2

V. Implementation

- Prepare Request for Proposal (RFP) and/or prepare proposal specifications
- Conduct procurement
- Review RFP responses
- Evaluate technical, cost realism and management issues of private performance vs. public performance
- Establish quality assurance oversight procedure or implement most efficient government organization
- Prepare required transition plan

Identify and discuss any barriers or impediments identified in Level 2.

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